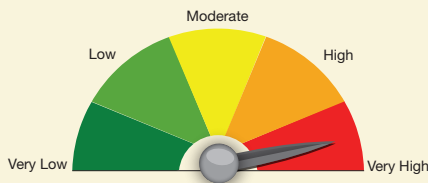


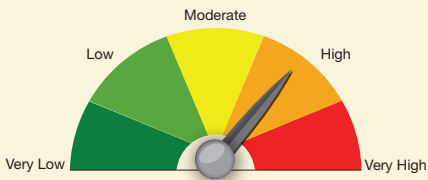
Country Risk Tier

CRT-5

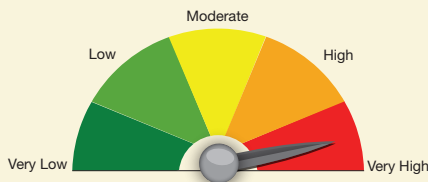
Economic Risk



Political Risk



Financial System Risk

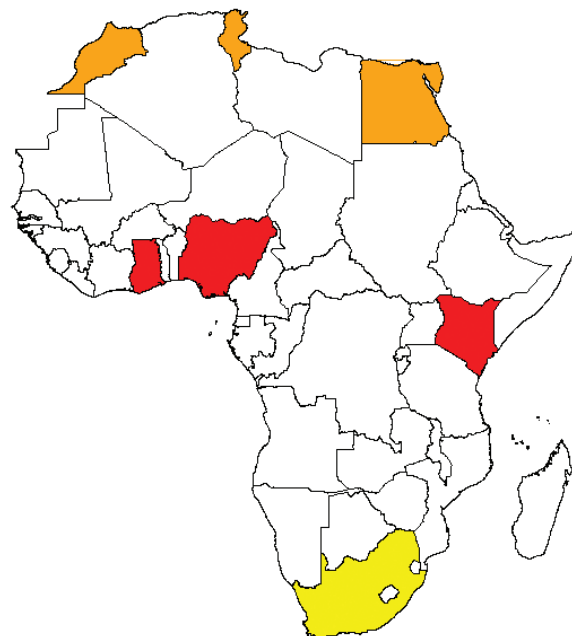


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[Market Outlooks](#)

Ghana

- The Country Risk Tier (CRT) reflects A.M. Best’s assessment of three categories of risk: Economic, Political and Financial System Risk.
- Ghana has had little exposure to the global economic recession and will continue on its growth path with the potential for significant growth in 2011 when oil production begins.
- The majority of countries in Sub-Saharan Africa are categorized as CRT-5, with the exceptions being South Africa at CRT-3 and Mauritius at CRT-4.
- Though the region as a whole has relatively few economic and financial links with the most developed countries that were the catalyst of the global financial crisis, African countries have felt the impact of the downturn. Sub-Saharan economic growth was 5.5% in 2008 and will fall to approximately 1.7% in 2009.



CRT 1 2 3 4 5



Regional Summary: Sub-Saharan Africa

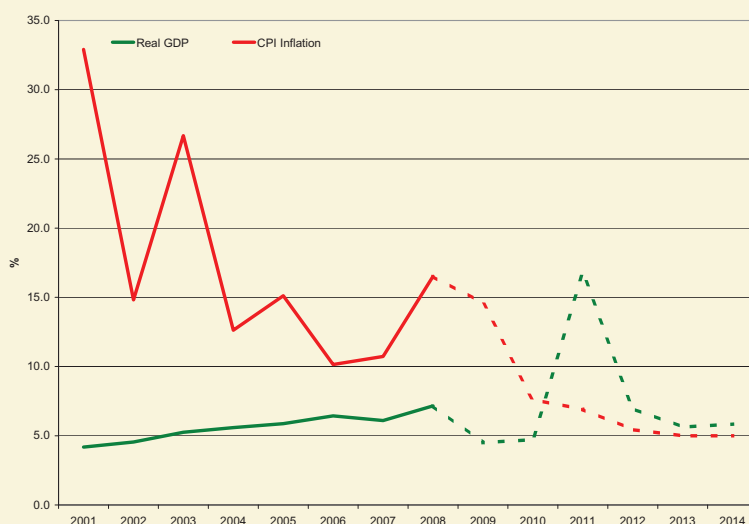
- The region of Sub-Saharan Africa contains a vast array of climates, natural resources and historical and cultural foundations.
- The region as a whole is plagued with violence, crime, malnutrition and corruption, with few of the countries enjoying economic prosperity. In some cases, the region is home to some of the most economically-challenged countries in the world.
- The insurance regulatory environments through most of Sub-Saharan Africa are in a stage of development, working toward compliance with international standards.

Economic Risk: Very High

- Ghana is a low income country with a gross domestic product (GDP) per capita of USD 716.
- Ghana has a commodity based economy whose largest export is gold. Strong global commodity prices have contributed to GDP growth in recent years though the global economic slowdown has somewhat reduced the rate of growth.
- In 2007, Ghana’s government announced the discovery of oil resources. Development of these oil fields is in progress. Production of those reserves will begin in 2011 and are anticipated to bring GDP growth into double digits.

Vital Statistics 2008		
Nominal GDP	USD bn	16.12
Population	mil	22.5
GDP Per Capita	USD	716
Real GDP Growth	%	7.2
Inflation Rate	%	16.5
Premiums Written (2007, Life)	USD mil	44
Premiums Written (2007, Non-Life)	USD mil	74
Premiums Growth (07-08)	%	29.9
Regional Comparison		
	Country Risk Tier	
Ghana	CRT-5	
Nigeria	CRT-5	
South Africa	CRT-3	
Kenya	CRT-5	
Morocco	CRT-4	
Tunisia	CRT-4	

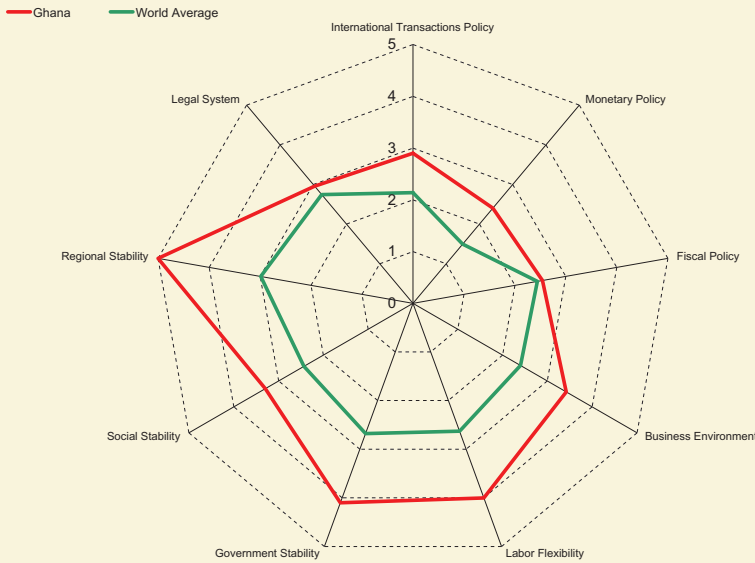
Source: IMF, Swiss Re and A.M. Best



Source: IMF World Economic Outlook (10/08) and A.M. Best

Political Risk Summary

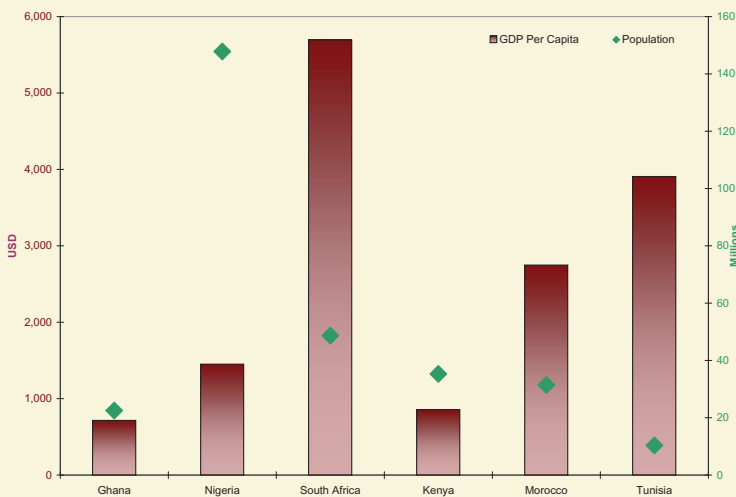
Score 1 (best) to 5 (worst)



Source: A.M. Best

Political Risk: High

- Certain regions of Ghana are subject to eruptions of violence, especially during political election seasons.
- Monetary policy is struggling with maintaining the balance between growth and inflation as inflation soared to 18.1% in 2008. Though it has come down to 14.6% in 2009, authorities will have to remain vigilant as oil production begins and inflationary pressures reemerge.
- Ghana, still awaiting development of its own energy resources, often experiences energy shortages due to interruption of transport of oil from Nigeria.



Source: IMF and A.M. Best

Financial System Risk: Very High

- The insurance industry in Ghana is regulated by the National Insurance Commission (NIC).
- Reporting and accounting standards are considered lacking in Ghana. While regulatory reform has been significant and continues to progress, additional risks exist as some subsidiary banks active in Ghana are regulated elsewhere.
- Banks rely on domestic funding so there has been limited exposure to the global financial crisis.

GUIDE TO BEST'S COUNTRY RISK TIERS

A.M. Best defines country risk as the risk that country-specific factors could adversely affect the claims paying ability of an insurer. Country risk is evaluated and factored into all Best's Credit Ratings. Countries are placed into one of five tiers, ranging from "CRT-1" (Country Risk Tier 1), denoting a stable environment with the least amount of risk, to "CRT-5" (Country Risk Tier 5) for countries that pose the most risk and, therefore, the greatest challenge to an insurer's financial stability, strength and performance.

A.M. Best's Country Risk Tiers are not credit ratings and are not directly comparable to a sovereign debt rating, which evaluates the ability and willingness of a government to service its debt obligations.

Country Risk Tiers

Country Risk Tier	Definition
CRT-1	Predictable and transparent legal environment, legal system and business infrastructure; sophisticated financial system regulation with deep capital markets; mature insurance industry framework.
CRT-2	Predictable and transparent legal environment, legal system and business infrastructure; sufficient financial system regulation; mature insurance industry framework.
CRT-3	Developing legal environment, legal system and business environment with developing capital markets; developing insurance regulatory structure.
CRT-4	Relatively unpredictable and nontransparent political, legal and business environment with underdeveloped capital markets; partially to fully inadequate regulatory structure.
CRT-5	Unpredictable and opaque political, legal and business environment with limited or nonexistent capital markets; low human development and social instability; nascent insurance industry.

Country Risk Reports

A.M. Best Country Risk Reports are designed to provide a brief, high level, explanation of some of the key factors that determine a country's Country Risk Tier assignment. It is not intended to summarize A.M. Best's opinion on any particular insurance market, or the prospects for that market.

Categories of Risk

Country Risk Reports provide "scores" for three categories of risk for each country. These "scores" are: (1) Very Low; (2) Low; (3) Moderate; (4) High and (5) Very High.

Category of Risk	Definition
Economic Risk	The likelihood that fundamental weaknesses in a country's economy will cause adverse developments for an insurer. A.M. Best's assessment of economic risk evaluates the state of the domestic economy, government finances and international transactions, as well as prospects for growth and stability.
Political Risk	The likelihood that government or bureaucratic inefficiencies, societal tensions, inadequate legal system or international tensions will cause adverse developments for an insurer. Political risk comprises the stability of the government and society, the effectiveness of international diplomatic relationships, the reliability and integrity of the legal system and of the business infrastructure, the efficiency of the government bureaucracy and the appropriateness and effectiveness of the government's economic policies.
Financial System Risk	Financial system risk (which includes both insurance and non-insurance financial system risk) is the risk that financial volatility may erupts due to inadequate reporting standards, weak banking system or asset markets and/or poor regulatory structure. Along with the risk that the insurance industry's level of development and public awareness, transparent and effective regulation and reporting standards and sophisticated regulatory body will contribute to a volatile financial system and compromise the ability of an insurer to pay claims.

Political Risk Summary

To provide additional detail on the political risk in a given domicile the Country Risk Reports include the Political Risk Summary. The Political Risk Summary is a radar chart that displays scores for nine different aspects of political risk scored on a scale of 1-5 with 1 being the least amount of risk and 5 being the highest amount of risk.

Category	Definition
International Transactions Policy	Measures the effectiveness of the exchange rate regime and currency management.
Monetary Policy	Measures the ability of a country to effectively implement monetary policy.
Fiscal Policy	Measures the ability of a country to effectively implement fiscal policy.
Business Environment	Measures the overall quality of the business environment, and ease of doing business.
Labor Flexibility	Measures the flexibility of the labor market, including the company's ability to hire and fire employees.
Government Stability	Measures the degree of stability in a government.
Social Stability	Measures the degree of social stability including human development and political rights.
Regional Stability	Measures the degree of stability in the region
Legal System	Measures the transparency and level of corruption in the legal system.

Country Risk Tier Disclosure

A Country Risk Tier (CRT) is not a credit rating, rather it represents a component of A.M. Best's credit rating methodology that is applied to all insurers. A CRT is not a recommendation to purchase, hold or terminate any security, insurance policy, contract or any other financial obligation issued by a government, an insurer or other rated issuer, nor do they address the suitability of any particular policy, contract or other financial obligation for a specific purpose or purchaser.

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